



Sales Tax Tanks Significantly

Poloncarz Administration predicted 3.73% annual growth from 2012 to 2013. Actual growth for the first eight months of the year is 2.20%. That represents a \$6.3 million hole in this year's budget

(Buffalo) – Erie County Comptroller Stefan I. Mychajliw is reporting January 2013 - August 2013 sales tax revenue for Erie County to be \$277,114,094. That represents year-to-date sales tax revenue growth of only 2.20% for the first eight months of the year. The actual sales tax growth for the first eight months of the year falls far short of the administration's overly optimistic and aggressive projection of 3.73% growth. If this downward trend continues, it would represent a \$6.3 million gap in the 2013 budget.

Administration's projected Year-To-Date growth: 3.73%
Actual Year-To-Date Growth for eight months: 2.20%

"The administration's mismanagement of sales tax projections will leave a big gap in this year's budget. This is what happens when the County Executive is more concerned with 'governing by Tweet' and smoke and mirrors rather than sound fiscal management. This is bad. Bad for the administration, bad for the budget, and even worse for taxpayers," said Erie County Comptroller Stefan I. Mychajliw.

There will be significant holes in this year's budget if the Poloncarz administration falls short of its annual sales tax revenue growth projection of 3.73%. If sales tax revenue continued to grow at the pace at which it has for the first eight months of the year, it would create over a \$6.3 million hole in the 2013 budget.

Potential Budget Gaps Based on 2013 Sales Tax Growth

Actual 2013 Year-to-Date 2.20%: - \$6,277,508
1%: - \$11,206,151
2%: - \$7,098,948
3%: - \$2,991,745
3.73%: \$0

"Because Mr. Poloncarz's sales tax revenue projections are so off base, we are left to deal with the mess of a significant hole in the budget. I held the County Executive accountable all year for his risky sales tax revenue projections. How can we trust Mr. Poloncarz with his overall revenue projections and proposed 2014 budget when he bungled sales tax projections so badly," added Comptroller Mychajliw.

Over the next four months of the year **sales tax revenue must grow 6.69%** in order for the administration to reach their own overly aggressive and optimistic projection of receiving \$426,033,687 for 2013.

2011 Sales Tax Revenue: \$400,993,639
2012 Sales Tax Revenue: \$410,720,332
2013 Projected Sales Tax Revenue: \$426,033,687

The year-to-date sales tax revenue growth for the first eight months of 2013 (January-August) is 2.20%.

January-August 2012 Sales Tax Revenue: \$271,137,582
January-August 2013 Sales Tax Revenue: \$277,114,094
Year-to-Date Difference: + \$5,976,512 or + 2.20%

The budget gap figures comes on the heels of the Office of Erie County Comptroller releasing actual revenues received for August 2013 sales tax:

August 2012 Sales Tax Revenue: \$41,199,748
August 2013 Sales Tax Revenue: \$40,990,391
Difference: - \$209,357 or - 0.51%

"The County Executive used the gimmick of artificially inflating his sales tax revenue projections to make the budget look balanced. Wall Street and the Comptroller's Office have consistently stated it is risky to rely on such a volatile revenue stream as the county's largest source of income."

"Unfortunately for taxpayers, Mr. Poloncarz did not base his sales tax revenue projections in reality, but rather in smoke and mirrors. This is no way to manage county government. Gimmicks and fiscal tricks are what led to the 'Red/Green' budget crisis. Here we go again," concluded Comptroller Mychajliw.

The Offices of Erie County Comptroller and the Erie County Executive are at least on the same page concerning this issue, with the administration publicly presenting numerous warnings about their own sales tax revenue projections:

"We are worried about some of the trends in sales tax."

Source: Erie County Senior Budget Consultant Timothy Callan, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"In sales tax, again, if we had to budget it over, I would have budgeted less in sales tax."

Source: Erie County Budget Director Robert Keating, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"The sales tax number is an area of concern."

Source: Erie County Senior Budget Consultant Timothy Callan, Erie County Legislature Finance and Management Committee, May 2nd, 2013

"(We) hope that sales tax comes in better than we expect, but right now we don't think that is going to be the case. We think the budget for sales tax this year is overly optimistic. We are not going to make budget on that."

Source: Erie County Senior Budget Consultant Timothy Callan, Erie County Legislature Finance and Management Committee, March 14th, 2013

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